

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of Holly	County Oakland
Fiscal Year End June 30, 2006	Opinion Date November 22, 2006	Date Audit Report Submitted to State December 20, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

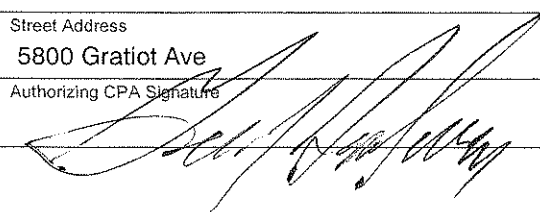
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input type="checkbox"/>	None required	
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Rehmann Robson		Telephone Number 989-799-9580	
Street Address 5800 Gratiot Ave		City Saginaw	State MI
Authorizing CPA Signature 		Printed Name Gerald Desloover	Zip 48605
		License Number 1101007126	

Township of Holly

Holly, Michigan

Financial Statements

For the Year Ended
June 30, 2006

TOWNSHIP OF HOLLY

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REHMANN ROBSON

Certified Public Accountants

A member of **THE REHMANN GROUP**

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

November 22, 2006

To the Township Board
Township of Holly
Holly, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the ***Township of Holly, Michigan***, as of and for the year ended June 30, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the ***Township of Holly, Michigan's*** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the ***Township of Holly, Michigan***, as of June 30, 2006, and the respective changes in financial position, thereof and the respective budgetary comparisons for the general and major special revenue funds, for the year then ended in conformity with accounting principles general accepted in the United States of America.

The Management's Discussion and Analysis listed in the table of contents on pages 3-7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ***Township of Holly, Michigan*** basic financial statements. The combining fund financial statement is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large, looping initial 'L'.

TOWNSHIP OF HOLLY MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2006

CONCEPTUAL INFORMATION ABOUT THE TOWNSHIP'S FINANCIAL STATEMENTS

The primary government is presented in two categories, governmental activities and fiduciary type activities. Governmental activities consolidate all general and other governmental funds which reflect the Township of Holly as a whole and include all general operating, special revenue (park, library and special assessment for fire/emergency) and capital project funds. The Township adopts an annual appropriated budget for its general and special revenue funds. Fiduciary Activities are limited to the Trust and Agency Fund which is used to account for assets held by the Township of Holly in a trustee capacity or as agent for individuals, organizations, other governments or funds.

Government – wide financial statements. *The government – wide financial statements* are designed to provide the reader with an overview of the Township's finances, in a manner which is similar to private – sector businesses.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with a difference between the two being reported as *net assets*.

The *statement of activities* provide information on how the net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the change takes place regardless of the timing of the related cash flows.

The Township of Holly has adopted a \$5,000 threshold for capitalizing assets. Assets costing less than \$5,000 are expensed in the year they are purchased.

FINANCIAL HIGHLIGHTS

The Township of Holly's assets exceed its liabilities at the close of the most recent fiscal year by \$2,777,690 (net assets).

The Township's total net assets increased by \$193,038 during the 2005-2006 fiscal year.

At the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,968,551, an increase of \$170,227 from the beginning of the year fund balance.

For the fiscal year ended June 30, 2006, General Fund revenues exceed expenditures before transfers out by \$261,237.

The following tables represent an analysis of the Township of Holly's Net Assets.

Township of Holly's Net Assets

Governmental Activities

	<u>2004-05</u>	<u>2005-06</u>
Current and other assets	\$1,827,547	\$2,058,666
Capital Assets	<u>786,328</u>	<u>809,139</u>
Total assets	<u>\$2,613,875</u>	<u>\$2,867,805</u>
Accounts payable and other liabilities	<u>29,223</u>	<u>90,115</u>
Net assets:		
Invested in capital assets	786,328	809,139
Restricted for capital projects	71,983	88,142
Unrestricted	<u>1,726,341</u>	<u>1,880,409</u>
Total net assets	<u>\$2,584,652</u>	<u>\$2,777,690</u>

Township of Holly's Change in Net Assets

Governmental Activities		
	<u>2004-05</u>	<u>2005-06</u>
Revenue:		
Primary Government:		
Property taxes	\$1,052,810	\$1,064,640
State shared revenue	258,647	264,898
Unrestricted investment earnings	22,331	38,011
Program Revenue:		
Charges for services	588,923	375,212
Operating grants and contributions	76,726	84,797
Capital grants and contributions	34,454	5,017
	<hr/>	<hr/>
Total Revenue	<u>2,033,891</u>	<u>1,832,575</u>
 Expenses:		
General government	456,631	453,527
Public safety	307,460	379,968
Public works	65,179	66,305
Community development	316,290	186,206
Recreation and culture	530,211	553,531
	<hr/>	<hr/>
Total Expenses:	<u>1,675,771</u>	<u>1,639,537</u>
 Change in net assets	 358,120	 193,038
 Net assets, beginning of the year	 <u>2,226,532</u>	 <u>2,584,652</u>
 Total net assets, end of the year	 <u><u>\$2,584,652</u></u>	 <u><u>\$2,777,690</u></u>

Charges for services decrease in the current year are attributed to the decrease in the number of developments that required the Building department fund to perform services. Without these developments, the need to purchase services decreased, and therefore, there is a decrease in the community development expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original and the final budgets were relatively minor. Once additional revenue and expense information was known, subsequent budget amendments for additional revenue and additional planned expenditures were added to the appropriate line items in the budget.

CAPITAL ASSETS

Due to the sale of the Township Hall, the Township of Holly will be spending on new capital assets and will prompt the Township to schedule several purchases for the next fiscal year. Through federal grants the Township of Holly has acquired 2 new pieces of voting equipment for use at the Township's polling location. Existing capital assets continue to be maintained. The Township of Holly continues to have a capitalization threshold of \$5,000 or more. This means investment in assets of less than \$5,000 is expensed in the year they are acquired.

TOWNSHIP OF HOLLY'S CAPITAL ASSETS

(net of depreciation)

June 30, 2006

Land	\$397,336
Buildings	313,483
Machinery and equipment	52,309
Office Furniture and equipment	46,011
	<hr/>
Total	<u><u>\$809,139</u></u>

Additional information on the Township's capital assets can be found in note III B on pages 29-30 of this report.

LONG-TERM DEBT

The Township of Holly does not have any long-term debt in the year ended June 30, 2006 but anticipates the possibility of a future long term debt for a new Township Hall and Fire Hall.

THE TOWNSHIP OF HOLLY'S FINANCIAL FUTURE

Residential growth in the Township has been strong due completion of 240 units of the 900 unit Silverman development and will continue to provide additional revenue with each completed phase. The Township will also be receiving considerable increases in revenue sharing payments over the next 5 years due to the efforts made by conducting a Mid-Decade Census.

Cost for health care, utilities, fire and emergency services, etc. continue to rise annually and if continued with the same increases could have an impact on future operations. The Township continues to work towards maintaining its master plan and open space, the Township hopes for new business and industry in the northeast corner of the Township. Expanding our commercial and industrial tax base needs to be a prime objective.

It continues not to be necessary to levy the maximum allowable millage.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Township of Holly's finances. Question concerning any of the information provided in this report or requests for additional financial information should be addressed to the Holly Township Clerk, 102 Civic Drive, Holly, Michigan 48442.

BASIC FINANCIAL STATEMENTS

TOWNSHIP OF HOLLY
STATEMENT OF NET ASSETS

JUNE 30, 2006

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 1,762,082
Accounts receivable	191,419
Due from other governments	86,486
Prepaid items	18,679
Nondepreciable capital assets	397,336
Depreciable capital assets, net	<u>411,803</u>
Total assets	<u>2,867,805</u>
Liabilities	
Accounts payable	<u>90,115</u>
Net Assets	
Invested in capital assets	809,139
Restricted for:	
Capital projects	88,142
Unrestricted	<u>1,880,409</u>
Total net assets	<u><u>\$ 2,777,690</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HOLLY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary government					
Governmental activities:					
General government	\$ 453,527	\$ 60,903	\$ 38,857	\$ 5,017	\$ (348,750)
Public safety	379,968	-	-	-	(379,968)
Public works	66,305	-	-	-	(66,305)
Community development	186,206	181,194	7,951	-	2,939
Recreation and cultural	<u>553,531</u>	<u>133,115</u>	<u>37,989</u>	<u>-</u>	<u>(382,427)</u>
Total primary government	<u>\$ 1,639,537</u>	<u>\$ 375,212</u>	<u>\$ 84,797</u>	<u>\$ 5,017</u>	<u>(1,174,511)</u>
General revenues:					
Property taxes					1,064,640
State shared revenue					264,898
Unrestricted investment earnings					<u>38,011</u>
Total general revenues					<u>1,367,549</u>
Change in net assets					193,038
Net assets, beginning of year					<u>2,584,652</u>
Net assets, end of year					<u>\$ 2,777,690</u>

The accompanying notes are an integral part of these financial statements.

**TOWNSHIP OF HOLLY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006**

ASSETS	General	Fire and Emergency	Park	Building Department
Cash and cash equivalents	\$ 684,290	\$ 217,985	\$ 148,481	\$ 195,211
Accounts receivable	84,905	21,048	15,717	-
Due from other governments	86,486	-	-	-
Prepaid items	13,821	-	2,257	1,618
TOTAL ASSETS	\$ 869,502	\$ 239,033	\$ 166,455	\$ 196,829
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 34,455	\$ -	\$ 17,052	\$ 5,716
FUND EQUITY				
Fund Balances				
Reserved for:				
Prepays	13,821	-	2,257	1,618
Capital projects	-	-	-	-
Unreserved - undesignated, reported in:				
General fund	821,226	-	-	-
Special revenue funds	-	239,033	147,146	189,495
TOTAL FUND BALANCES	835,047	239,033	149,403	191,113
TOTAL LIABILITIES AND FUND EQUITY	\$ 869,502	\$ 239,033	\$ 166,455	\$ 196,829

The accompanying notes are an integral part of these financial statements.

Library	Capital Projects Fund	Total
\$ 427,973	\$ 88,142	\$ 1,762,082
69,749	-	191,419
-	-	86,486
983	-	18,679
<hr/>		
\$ 498,705	\$ 88,142	\$ 2,058,666
<hr/>		

\$ 32,892	\$ -	\$ 90,115
<hr/>		

983	-	18,679
-	88,142	88,142
-	-	821,226
464,830	-	1,040,504
<hr/>		
465,813	88,142	1,968,551
<hr/>		
\$ 498,705	\$ 88,142	\$ 2,058,666
<hr/>		

TOWNSHIP OF HOLLY

**RECONCILIATION OF GOVERNMENTAL FUND BALANCE
SHEET TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2006

Fund balances - total governmental funds	\$ 1,968,551
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Amounts reported for *governmental activities* in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds.

Add - capital assets	2,084,631
Deduct - accumulated depreciation	<u>(1,275,492)</u>

Net assets of governmental activities	<u><u>\$ 2,777,690</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HOLLY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	General	Fire and Emergency	Park	Building Department
REVENUES				
Taxes	\$ 388,292	\$ 272,216	\$ 134,648	\$ -
Licenses and permits	30,152	-	-	-
Intergovernmental	277,866	-	-	-
Charges for services	30,751	-	79,314	181,194
Interest	16,185	2,605	4,425	3,093
Fines	-	-	-	-
Other	38,857	-	177	-
TOTAL REVENUES	782,103	274,821	218,564	184,287
EXPENDITURES				
General government	444,954	-	-	-
Public safety	-	379,968	-	-
Public works	61,987	-	-	-
Community development	8,908	-	-	177,298
Recreation and cultural	-	-	234,692	-
Capital outlay	5,017	-	-	-
TOTAL EXPENDITURES	520,866	379,968	234,692	177,298
REVENUES OVER (UNDER) EXPENDITURES	261,237	(105,147)	(16,128)	6,989
OTHER FINANCING SOURCES (USES)				
Transfer in	-	120,000	-	-
Transfer out	(135,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(135,000)	120,000	-	-
NET CHANGE IN FUND BALANCES	126,237	14,853	(16,128)	6,989
FUND BALANCES, BEGINNING OF YEAR	708,810	224,180	165,531	184,124
FUND BALANCES, END OF YEAR	\$ 835,047	\$ 239,033	\$ 149,403	\$ 191,113

The accompanying notes are an integral part of these financial statements.

		Capital Projects Fund	Total
Library			
\$ 269,484	\$ -	\$ 1,064,640	
-	-	30,152	
29,288	-	307,154	
15,643	-	306,902	
10,544	1,159	38,011	
38,158	-	38,158	
8,524	-	47,558	
371,641	1,159	1,832,575	
-	-	444,954	
-	-	379,968	
-	-	61,987	
-	-	186,206	
305,070	-	539,762	
44,454	-	49,471	
349,524	-	1,662,348	
22,117	1,159	170,227	
-	15,000	135,000	
-	-	(135,000)	
-	15,000	-	
22,117	16,159	170,227	
443,696	71,983	1,798,324	
\$ 465,813	\$ 88,142	\$ 1,968,551	

TOWNSHIP OF HOLLY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Net change in fund balances - total governmental funds \$ 170,227

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - capital outlay	49,471
Deduct - depreciation expense	<u>(26,660)</u>

Change in net assets of governmental activities \$ 193,038

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HOLLY

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes:				
Current property taxes	\$ 309,394	\$ 309,394	\$ 278,219	\$ (31,175)
Penalties and interest	500	500	2,576	2,076
Mobile home fees	850	850	941	91
School collection	-	15,462	15,462	-
Administrative fee	86,000	86,000	91,094	5,094
Total taxes	396,744	412,206	388,292	(23,914)
Licenses and permits:				
Animal licenses	500	700	1,284	584
Cable franchise fees	22,600	22,600	28,868	6,268
Total licenses and permits	23,100	23,300	30,152	6,852
Intergovernmental revenues:				
Federal grants	-	-	5,017	5,017
Community development grant	18,578	18,578	7,951	(10,627)
State revenue sharing	265,429	265,429	264,898	(531)
Total intergovernmental revenue	284,007	284,007	277,866	(6,141)
Charges for services:				
Planning commission	15,060	9,398	6,485	(2,913)
Zoning fees	1,500	1,500	2,625	1,125
Mining fees	6,975	6,975	9,640	2,665
Rental income	12,001	12,001	12,001	-
Total charges for services	35,536	29,874	30,751	877
Interest	7,000	12,000	16,185	4,185
Other revenues:				
Printed materials	1,000	1,000	487	(513)
Other	1,000	1,000	38,370	37,370
Total other revenues	2,000	2,000	38,857	36,857
Total revenues	748,387	763,387	782,103	18,716

TOWNSHIP OF HOLLY

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN

FUND BALANCE (Continued)

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Total revenues (pg. 14)	\$ 748,387	\$ 763,387	\$ 782,103	\$ 18,716
Total expenditures (pg. 17)	<u>(673,387)</u>	<u>(688,387)</u>	<u>(520,866)</u>	<u>167,521</u>
Revenues over (under) expenditures	75,000	75,000	261,237	186,237
Other financing sources (uses)				
Transfer out	<u>(75,000)</u>	<u>(135,000)</u>	<u>(135,000)</u>	<u>-</u>
Net change in fund balance	-	(60,000)	126,237	186,237
Fund balance, beginning of year	<u>708,810</u>	<u>708,810</u>	<u>708,810</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 708,810</u></u>	<u><u>\$ 648,810</u></u>	<u><u>\$ 835,047</u></u>	<u><u>\$ 186,237</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HOLLY

GENERAL FUND SCHEDULE OF EXPENDITURES BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
General Government:				
Township Board:				
Salaries	\$ 6,800	\$ 9,650	\$ 8,154	\$ (1,496)
Dues and subscriptions	500	500	-	(500)
Mileage	100	100	-	(100)
Total township board	7,400	10,250	8,154	(2,096)
Supervisor:				
Salary	24,400	24,720	24,867	147
Dues and subscriptions	200	200	75	(125)
Mileage	200	200	324	124
Total supervisor	24,800	25,120	25,266	146
Elections:				
Salaries	16,000	16,230	3,030	(13,200)
Supplies	5,983	5,983	5,043	(940)
Capital outlay	5,017	5,017	5,017	-
Total elections	27,000	27,230	13,090	(14,140)
Assessor:				
Contracted services	44,100	58,300	40,592	(17,708)
Miscellaneous	3,800	500	148	(352)
Total assessor	47,900	58,800	40,740	(18,060)
Clerk:				
Salary	44,135	45,835	44,979	(856)
Deputy clerk salary	24,500	25,450	24,969	(481)
Dues and subscriptions	1,400	1,400	339	(1,061)
Mileage	500	500	383	(117)
Total clerk	70,535	73,185	70,670	(2,515)
Board of review	1,850	2,450	770	(1,680)
Treasurer:				
Salary	44,135	45,835	44,987	(848)
Deputy treasurer salary	26,850	24,600	1,356	(23,244)
Dues and subscriptions	1,400	1,400	60	(1,340)
Mileage	500	500	65	(435)
Total treasurer	72,885	72,335	46,468	(25,867)

TOWNSHIP OF HOLLY
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Town Hall:				
Telephone	\$ 3,600	\$ 3,600	\$ 3,167	\$ (433)
Utilities	7,200	7,200	6,780	(420)
Maintenance and repairs	20,000	10,000	8,768	(1,232)
Total town hall	30,800	20,800	18,715	(2,085)
General Services:				
Payroll taxes	13,000	9,000	8,673	(327)
Pension cost	15,000	15,000	17,495	2,495
Health/life insurance	46,000	46,000	39,144	(6,856)
Office expenditures	35,063	35,063	21,075	(13,988)
Accountant fees	8,900	8,900	4,234	(4,666)
Contracted services	-	-	85	85
Attorney	26,000	37,450	38,108	658
Computer maintenance	40,000	40,000	35,563	(4,437)
Pension administration	3,200	3,200	1,174	(2,026)
Ordinance codification	2,400	2,400	1,146	(1,254)
Dues and subscriptions	5,500	5,500	5,197	(303)
Legal notices	10,000	10,000	8,192	(1,808)
Insurance	9,000	9,000	4,286	(4,714)
Miscellaneous	40,000	40,000	13,279	(26,721)
Total general services	254,063	261,513	197,651	(63,862)
Planning Commission:				
Salaries	5,500	5,850	4,123	(1,727)
Code enforcement	20,000	24,500	9,751	(14,749)
Contracted services	2,200	2,200	935	(1,265)
Planning consultant	14,000	14,000	12,174	(1,826)
Engineering services	5,500	1,000	130	(870)
Dues and subscriptions	1,000	1,000	350	(650)
Mileage	500	500	-	(500)
Total planning commission	48,700	49,050	27,463	(21,587)
Board of appeals:				
Salaries	1,800	2,000	484	(1,516)
Other	1,450	1,450	500	(950)
Total board of appeals	3,250	3,450	984	(2,466)
Total general government	589,183	604,183	449,971	(154,212)
Public Works:				
Clean up days	-	-	10,316	10,316
Recycling	-	-	705	705
Road maintenance	63,000	63,000	50,966	(12,034)
Total public works	63,000	63,000	61,987	(1,013)
Community development:				
Community services	21,204	21,204	8,908	(12,296)
Total expenditures	\$ 673,387	\$ 688,387	\$ 520,866	\$ (167,521)

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HOLLY

FIRE AND EMERGENCY FUND

STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ 272,085	\$ 272,085	\$ 272,216	\$ 131
Interest	749	749	2,605	1,856
Total revenues	<u>272,834</u>	<u>272,834</u>	<u>274,821</u>	<u>1,987</u>
Expenditures				
Public safety:				
Contracted services	<u>379,968</u>	<u>379,968</u>	<u>379,968</u>	<u>-</u>
Revenues over (under) expenditures	(107,134)	(107,134)	(105,147)	1,987
Other financing sources				
Transfer in	<u>60,000</u>	<u>120,000</u>	<u>120,000</u>	<u>-</u>
Net change in fund balances	(47,134)	12,866	14,853	1,987
Fund balance, beginning of year	<u>224,180</u>	<u>224,180</u>	<u>224,180</u>	<u>-</u>
Fund balance, end of year	<u>\$ 177,046</u>	<u>\$ 237,046</u>	<u>\$ 239,033</u>	<u>\$ 1,987</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HOLLY

PARK FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ 151,074	\$ 151,074	\$ 134,648	\$ (16,426)
State grant	20,000	20,000	-	(20,000)
User fees	80,000	80,000	76,689	(3,311)
Rental income	600	600	2,625	2,025
Donations	20,000	20,000	80	(19,920)
Interest	1,000	1,000	4,425	3,425
Miscellaneous	100	100	97	(3)
Total revenues	<u>272,774</u>	<u>272,774</u>	<u>218,564</u>	<u>(54,210)</u>
Expenditures				
Recreation and cultural				
Salaries	123,260	123,260	121,238	(2,022)
Payroll taxes	10,000	10,000	9,090	(910)
Pension	4,400	4,400	4,733	333
Health insurance	25,000	25,000	26,550	1,550
Operating supplies	9,000	9,000	8,279	(721)
Softball expenditures	6,000	6,000	7,479	1,479
Special events	8,000	8,000	5,463	(2,537)
Professional services	2,000	2,000	1,500	(500)
Disposal	2,350	2,350	1,794	(556)
Telephone	3,000	3,000	2,477	(523)
Mileage	800	800	2,533	1,733
Education	4,000	4,000	-	(4,000)
Community promotion	3,500	3,500	2,801	(699)
Printing	300	300	-	(300)
Insurance	8,500	8,500	10,387	1,887
Utilities	5,500	5,500	5,518	18
Repairs and maintenance	45,100	45,100	4,557	(40,543)
Miscellaneous	700	700	902	202
Park equipment	27,364	27,364	19,391	(7,973)
Total expenditures	<u>288,774</u>	<u>288,774</u>	<u>234,692</u>	<u>(54,082)</u>
Net change in fund balances	(16,000)	(16,000)	(16,128)	(128)
Fund balance, beginning of year	<u>165,531</u>	<u>165,531</u>	<u>165,531</u>	<u>-</u>
Fund balance, end of year	<u>\$ 149,531</u>	<u>\$ 149,531</u>	<u>\$ 149,403</u>	<u>\$ (128)</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HOLLY
BUILDING DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Charges for services	\$ 206,500	\$ 206,500	\$ 181,194	\$ (25,306)
Interest	1,500	1,500	3,093	1,593
Total revenues	<u>208,000</u>	<u>208,000</u>	<u>184,287</u>	<u>(23,713)</u>
Expenditures				
Community development				
Salaries	29,300	31,300	31,300	-
Payroll taxes	3,000	3,000	2,190	(810)
Pension	3,000	3,200	3,390	190
Health insurance	15,200	15,200	14,870	(330)
Operating supplies	15,000	15,000	884	(14,116)
Rent	-	-	12,000	12,000
Accounting	1,000	1,000	-	(1,000)
Contracted services	125,000	134,800	110,959	(23,841)
Computer maintenance	2,000	2,000	880	(1,120)
Dues and subscription	2,000	2,000	381	(1,619)
Capital outlay	7,000	-	-	-
Mileage and insurance	500	500	444	(56)
Total expenditures	<u>203,000</u>	<u>208,000</u>	<u>177,298</u>	<u>(30,702)</u>
Net change in fund balances	5,000	-	6,989	6,989
Fund balance, beginning of year	<u>184,124</u>	<u>184,124</u>	<u>184,124</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 189,124</u></u>	<u><u>\$ 184,124</u></u>	<u><u>\$ 191,113</u></u>	<u><u>\$ 6,989</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HOLLY

LIBRARY FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Amended Budget	Actual	Over (Under) Budget
Revenues				
Taxes	\$ 305,189	\$ 305,189	\$ 269,484	\$ (35,705)
State shared revenue	13,600	13,600	16,178	2,578
Member township fees	13,110	13,110	13,110	-
Charges for services	7,000	7,000	15,643	8,643
Fines	34,000	34,000	38,158	4,158
Donations	3,500	3,500	8,524	5,024
Interest	2,700	2,700	10,544	7,844
Total revenues	<u>379,099</u>	<u>379,099</u>	<u>371,641</u>	<u>(7,458)</u>
Expenditures				
Recreation and cultural				
Salaries	199,000	199,000	188,333	(10,667)
Payroll taxes	15,300	15,300	14,207	(1,093)
Health insurance	10,500	10,500	13,841	3,341
Operating supplies	7,458	7,458	8,960	1,502
Accounting	1,350	1,350	1,500	150
Contracted services	12,000	12,000	14,799	2,799
Dues and subscription	10,000	10,000	11,784	1,784
Telephone	2,000	2,000	2,390	390
Utilities	9,000	9,000	10,318	1,318
Mileage	1,000	1,000	599	(401)
Insurance	7,000	7,000	6,346	(654)
Repairs and maintenance	6,000	6,000	3,469	(2,531)
Miscellaneous	6,749	6,749	3,887	(2,862)
Books, videos	48,000	48,000	44,683	(3,317)
Equipment	8,000	8,000	6,283	(1,717)
Capital outlay	38,000	38,000	18,125	(19,875)
Total expenditures	<u>381,357</u>	<u>381,357</u>	<u>349,524</u>	<u>(31,833)</u>
Net change in fund balances	(2,258)	(2,258)	22,117	24,375
Fund balance, beginning of year	<u>443,696</u>	<u>443,696</u>	<u>443,696</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 441,438</u></u>	<u><u>\$ 441,438</u></u>	<u><u>\$ 465,813</u></u>	<u><u>\$ 24,375</u></u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HOLLY

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET ASSETS JUNE 30, 2006

	Assets	Agency Funds
		<u></u>
Cash and cash equivalents		<u>\$ 106,754</u>
	Liabilities	
Accounts payable		\$ 434
Due to others		104,302
Due to other governmental units		<u>2,018</u>
Total liabilities		<u>\$ 106,754</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF HOLLY

NOTES TO THE FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Holly, Michigan, conform to generally accepted accounting principles as applicable to government units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. REPORTING ENTITY

The Township of Holly (the “Township”) operates under a Township Board with five members and provides general government services to its residents.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township and any component units, entities for which it has operational or financial relationships. The Township has followed the guidelines of the Governmental Accounting Standards Board’s Statement No. 14 and has determined that no entities should be consolidated into its financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (e.g., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Township has no business type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWNSHIP OF HOLLY

NOTES TO THE FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the principal operating fund of the Township. It is used to account for all revenues, expenditures, and activities not specifically accounted for in another fund.

TOWNSHIP OF HOLLY

NOTES TO THE FINANCIAL STATEMENTS

The *Fire and Emergency Fund* accounts for the activities of the government's fire and emergency services.

The *Park Fund* accounts for the activities of the government's various parks.

The *Building Department Fund* is used to account for the activities of the government's building/inspections department.

The *Library Fund* is used to account for the activities of the government's library.

The *Capital Projects Fund* is used to account for financing and construction of major equipment, building and improvements.

Additionally, the Township reports the following fund type:

Agency funds are used to account for assets held for other governments in an agency capacity, including tax collections.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. DEPOSITS AND INVESTMENTS

Cash equivalents are all highly liquid investments such as bank savings accounts and certificates of deposits with an original maturity of three months or less. Other

TOWNSHIP OF HOLLY

NOTES TO THE FINANCIAL STATEMENTS

investments, if any, with an original maturity of three months or less are also considered cash equivalents.

Investments, if any, are stated at fair value.

2. RECEIVABLES

Receivables have been recognized for all significant amounts due the Township in accordance with the accounting principles used for the particular fund. Valuation reserves have not been provided because collection is not considered doubtful and any uncollectible amounts would be immaterial.

3. PREPAID ITEMS

Certain payments made to vendors are for services applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

4. INTERFUND TRANSACTIONS

Interfund receivables and payables, if any, arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

5. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment are reported in the governmental type activity column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of

TOWNSHIP OF HOLLY

NOTES TO THE FINANCIAL STATEMENTS

business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Improvements and buildings	20 - 50
Machinery and equipment	7 - 10

6. FUND EQUITY

The unreserved, undesignated fund balances for governmental funds represent the amount available for budgeting future operations. Designated fund balances, if applicable, represent tentative plans for future use of financial resources. Reserved fund balance for governmental funds, if any, represents that portion of fund equity which has been legally segregated for specific purposes and/or does not constitute current available spending resources.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets for the general and special revenue funds are adopted in compliance with Michigan Law. The budgets are prepared on the modified accrual basis which is consistent with generally accepted accounting principles.

Budget amounts are as originally adopted or as amended by the Township Board in accordance with state and local laws. The Township's legal level of budgetary control is at the function level. Any revisions must be approved by the Township Board.

B. ENCUMBRANCES

The Township does not formally record encumbrances in the accounting records during the year as a normal practice. Appropriations lapse at year end and amounts are reappropriated for expenditures to be incurred in the next fiscal year.

TOWNSHIP OF HOLLY

NOTES TO THE FINANCIAL STATEMENTS

C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS FOR BUDGETARY FUNDS

During the year ended June 30, 2006, the Township incurred expenditures in certain budgetary funds, which were in excess of the amounts appropriated as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Supervisor	\$ 25,120	\$ 25,266	\$ (146)

III.DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown in the basic financial statements to the Township's deposits and investments is as follows:

Government-wide Financial Statement Captions:

Cash and cash equivalents \$ 1,762,082

Fiduciary Fund Financial Statement Captions:

Cash and cash equivalents 106,754

Total \$ 1,868,836

Notes to Financial Statements:

Deposits \$ 1,868,136

Cash on hand 700

Total \$ 1,868,836

Investment and deposit risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments. The Township's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Township's investment policy does not have specific limits in excess of state law on investment credit risk. The Township has no investments for which ratings are required.

TOWNSHIP OF HOLLY

NOTES TO THE FINANCIAL STATEMENTS

Custodial credit risk. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. State law does not require and the Township does not have a policy for deposit custodial credit risk. As of year end, \$1,708,941 of the Township's bank balance of \$1,908,941 was exposed to credit risk because it was uninsured and uncollateralized.

Statutory Authority

State statutes authorize the Township to invest in:

- a. Bond, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

The Township's investment policy allows for all of these types of investments.

TOWNSHIP OF HOLLY

NOTES TO THE FINANCIAL STATEMENTS

B. CAPITAL ASSETS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 397,336	\$ -	\$ -	\$ 397,336
Capital assets being depreciated:				
Buildings and improvements	1,126,464	12,946	-	1,139,410
Machinery and equipment	284,725	5,017	-	289,742
Office furniture and equipment	<u>226,635</u>	<u>31,508</u>	<u>-</u>	<u>258,143</u>
Total capital assets being depreciated	<u>1,637,824</u>	<u>49,471</u>	<u>-</u>	<u>1,687,295</u>
Less accumulated depreciation				
Buildings and improvements	(812,158)	(13,769)	-	(825,927)
Machinery and equipment	(229,060)	(8,373)	-	(237,433)
Office furniture and equipment	<u>(207,614)</u>	<u>(4,518)</u>	<u>-</u>	<u>(212,132)</u>
Total accumulated depreciation	<u>(1,248,832)</u>	<u>(26,660)</u>	<u>-</u>	<u>(1,275,492)</u>
Capital assets being depreciated, net	<u>388,992</u>	<u>22,811</u>	<u>-</u>	<u>411,803</u>
Governmental activities capital assets, net	<u>\$ 786,328</u>	<u>\$ 22,811</u>	<u>\$ -</u>	<u>\$ 809,139</u>

TOWNSHIP OF HOLLY

NOTES TO THE FINANCIAL STATEMENTS

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 8,573
Public works	4,318
Recreation and cultural	<u>13,769</u>

Total depreciation expense – governmental activities **\$ 26,660**

C. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

	<u>Transfer from</u>
<u>Transfer to:</u>	General
Fire and emergency	\$ 120,000
Capital projects	<u>15,000</u>
Total	<u>\$ 135,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

IV. OTHER INFORMATION

A. PROPERTY TAXES

Township property taxes are attached as an enforceable lien on property as of December 1 on the taxable assessed value listed as of the prior December 31. Taxes are levied December 1 and are due without penalty on or before February 14. These tax bills include the Township's own property taxes and taxes billed on behalf of Oakland County and the school districts within the Township boundaries. Real property taxes not collected as of March 1 are turned over to Oakland County for collection, which advances the Township 100% for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

TOWNSHIP OF HOLLY

NOTES TO THE FINANCIAL STATEMENTS

The assessed taxable value of real and personal property located in the Township as of December 31, 2005 totaled \$309,393,540 representing 50% of estimated actual value. The tax rates assessed for the year ended June 30, 2006 were:

	<u>Per \$1,000 valuation</u>
General operations	\$1.00
Fire and Emergency	\$1.65 (real property only)
Parks	\$0.4869
Library	\$0.9739

Property taxes levied in December are recognized as revenue in the current fiscal year. Taxes collected on behalf of the school districts and Oakland County are turned over to the districts and the County immediately following collection and are accounted for in a designated agency fund.

B. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any potential claims associated with these risks and has had no claims that exceeded the insurance coverage during the past three years.

C. PENSION PLAN

The Holly Township Group Pension Plan is a defined contribution pension plan, held in trust by a third party administrator, John Hancock Life Insurance Company (in accordance with the provisions of the John Hancock Financial Defined Contribution Pension Plan for Governmental Employees).

Those eligible for the Plan include all elected officials, Parks Director, Building Administrator and all appointed officials working 35 hours or more per week. The Township contributes 10% of a participant's compensation. The participants may make voluntary, after-tax contributions from 1% to 10% of their compensation. Total contributions by the Township for the year ended June 30, 2006 were \$25,618.

TOWNSHIP OF HOLLY

NOTES TO THE FINANCIAL STATEMENTS

Benefits attributable to all contributions vest immediately. Investment of plan assets is the responsibility of the participant (e.g., self-directed investment of individual accounts by participants).

D. CONTINGENCIES

The Township is a defendant in various lawsuits. For those cases in which it is probable or reasonably possible that a loss will be incurred and in which the amount of the potential judgment can be reasonably estimated a liability is recorded. The Township was involved with a lawsuit and was required to pay \$58,114, which has been recorded as a liability in the General, Park and Library Funds.

E. SUBSEQUENT EVENTS

In October 2005, the Township entered into a purchase agreement to sell the Township Hall for \$322,000. In accordance with the purchase agreement, the Township has 18 months in which to vacate the premises.

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TOWNSHIP OF HOLLY
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2006

	Agency Funds		
	Trust and	Tax	
	Agency	Collection	Total
ASSETS			
Cash and cash equivalents	\$ 106,320	\$ 434	\$ 106,754
LIABILITIES			
Accounts payable	\$ -	\$ 434	\$ 434
Due to others	104,302	-	104,302
Due to other governmental units	2,018	-	2,018
TOTAL LIABILITIES	\$ 106,320	\$ 434	\$ 106,754